

BUFFALO FISCAL STABILITY AUTHORITY
Meeting Minutes
July 19, 2022

The following are the minutes from the special meeting of the Buffalo Fiscal Stability Authority (the “BFSA”) held on July 19, 2022. The Board met via teleconference/in-person in compliance with New York State Executive Order 11.8. The meeting was called to order at 1:07 PM.

Board Members Present

Chair R. Nils Olsen, Jr. (by teleconference)
Interim Vice-Chair Jeanette T. Jurasek (by teleconference)
Secretary Frederick G. Floss
Mayor Byron W. Brown (proxy Chambers)
County Executive Mark C. Poloncarz (proxy Cornell)

Board Members Excused

Director Andrew A. SanFilippo

Staff Present

Executive Director Jeanette M. Robe
Principal Analyst/Media Liaison Bryce E. Link
Senior Analyst II/Manager of Technology Nathan D. Miller
Administrative Assistant Nikita M. Fortune
Comptroller Claire A. Waldron

Additionally Present

Mr. Richard A. Grimm III, Esq., Magavern, Magavern & Grimm LLP
Mr. Nathaniel Kuzma, General Counsel, Buffalo City School District
Mr. Geoffrey Pritchard, CPA, Chief Financial Officer, Buffalo City School District

Opening Remarks

Chair Olsen welcomed everyone to the special board meeting for the sole purpose of reviewing the collective bargaining agreement between Buffalo City School District (“BCSD”) and the Buffalo Council of Supervisors and Administrators (“BCSA”).

Roll Call of the Directors

Secretary Floss called the roll. A quorum being present, the meeting commenced.

City of Buffalo Corporation Counsel, Ms. Cavette Chambers, represented Mayor Byron W. Brown in accordance with Subdivision 1 of §3853 of the BFSA Act.

Erie County Deputy Commissioner of Parks, Mr. Mark Cornell, represented County Executive Mark C. Poloncarz, in accordance with Subdivision 1 of §3853 of the BFSA Act.

Subdivision 1 of §3853 of the BFSA Act reads: “...The Mayor and the County Executive shall serve as ex officio members. Every director, who is otherwise an elected official of the City [of Buffalo] or County [of Erie], shall be entitled to designate a single representative to attend, in his or her place, meetings of the Authority and to vote or otherwise act in his or her behalf.

Such designees shall be residents of the City of Buffalo. Written notice of such designation shall be furnished prior to any participation by the signal designee....”

Buffalo City School District

Collective Bargaining Agreement between BCSD and BCSA

Chair Olsen asked Senior Analyst II Nathan Miller to begin his presentation.

The following highlights were given:

- Current labor agreement expired on September 1, 2020
- Proposed Successor Agreement will be effective September 2, 2020 through June 30, 2025
 - The Successor Agreement is unique in that it provides an additional wage increase for 2025-26, effective on July 1, 2025, which covers a six-year period through June 30, 2026

Effective date	% Increase
7/1/2020	0.0%
7/1/2021	0.0%
7/1/2022	10.0%
7/1/2023	3.0%
7/1/2024	3.0%
6/30/2025 – to be implemented on 7/1/2025 for FY 2025-26	3.0%

- Covers the District’s union administrators
- Codifies and extends the terms of an MOA between the District and the BCSA to increase summer compensation

Key contract provisions include:

- Parity adjustments (Elementary/Secondary School) – The Successor Agreement removes the separate, lower salary schedules for elementary school principals and elementary school assistant principals and creates parity between their secondary school counterparts
- Summer School per diem –
 - Current: \$4,140 (full summer/full day) - \$2,070 (full summer/half day) stipend
 - Last increased October 1, 2003
 - Successor Agreement: \$275 (full day) and \$175 (half day) effective July 1, 2022
 - Beginning July 1, 2023, the per diem stipend is increased an additional \$75 for both full day and half day work
 - Reflects the District’s current, expanded summer school offerings
- Signing Bonus - All active unit members hired prior to January 1, 2022 will receive a one-time signing bonus equal to 7% of the member’s 2021-22 base salary, irrespective of the number of years that they have been employed (average = \$7,209 per eligible employee)
 - BFSA has estimated that 241 BCSA members would receive this payment for a 2021-22 net cost at \$1,737,363 (funded exclusively through American Rescue Plan Act “ARPA” grant funds)

- Health Insurance (Active) - Current and retired BCSA employees are eligible for District-provided health insurance
 - Active Employees hired prior September 20, 2017: increased contribution from 9% to 10% of premium
 - Active employee hired on/after September 20, 2017: increased from 15% to 16% of premium
- Health Insurance (Retiree) - Current BCSA employees are eligible for District-provided health insurance
 - Effective July 1, 2023 - All administrators hired by the District who are not active District employees (e.g., a District teacher) are not eligible for District-funded health insurance at retirement
 - If the appointed administrator is a current District employee and is eligible to receive health insurance at retirement, the employee would continue to be eligible for retiree health insurance through BCSA
 - Retirees ineligible for District-funded health insurance may continue to receive District-provided health insurance but must fully fund the premium's cost
 - The retiree may utilize any early retirement incentive monies available towards this premium, and may also sell back up to 120 sick days at a 1:1 ratio to be applied towards this cost

Secretary Floss asked if the program is similar to buying an annuity to pay for health insurance. District General Nate Kuzma responded in the affirmative and once the funds are exhausted the monthly cost is absorbed by the retiree.

Financial Impact – the cumulative 2021-22 through 2025-26 net cost is estimated at \$21.2M on a general funds (“GF”) basis and \$29.1M on an all funds (“AF”) basis as indicated below:

BCSA CBA Cost Analysis (General Fund)	2021-22	2022-23	2023-24	2024-25	2025-26	Impact on 2023-2026 Financial Plan	Total
Gross Costs							
<i>Signing Bonus</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Combined Compensation Increases</i>	0	3,127,441	4,036,081	4,982,584	5,999,329	18,145,435	18,145,435
<i>FICA/NYSTRS Increase</i>	0	560,256	726,088	900,038	1,088,061	3,274,442	3,274,442
Total Gross Costs	0	3,687,697	4,762,168	5,882,622	7,087,390	21,419,878	21,419,878
Total Gross Savings	0	0	39,047	78,093	117,140	234,280	234,280
Net 4-Year Cost	\$0	\$3,687,697	\$4,723,122	\$5,804,529	\$6,970,250	\$21,185,598	\$21,185,598

BCSA CBA Cost Analysis (All Funds)	2021-22	2022-23	2023-24	2024-25	2025-26	Impact on 2023-2026 Financial Plan	Total
Gross Costs							
<i>Signing Bonus</i>	\$1,737,363	\$0	\$0	\$0	\$0	\$0	\$1,737,363
<i>Combined Compensation Increases</i>	0	4,205,828	5,338,571	6,211,138	7,410,258	23,165,795	23,165,795
<i>FICA/NYSTRS Increase</i>	303,170	754,526	961,477	1,122,974	1,344,962	4,183,938	4,487,108
Total Gross Costs	\$2,040,533	4,960,353	6,300,048	7,334,112	8,755,220	27,349,733	29,390,266
Total Gross Savings	0	0	43,385	86,770	130,156	260,311	260,311
Net 4-Year Cost	\$2,040,533	\$4,960,353	\$6,256,663	\$7,247,341	\$8,625,064	\$27,089,422	\$29,129,955

The District provided a schedule of how the Successor CBA net costs will be addressed

- The outline provides alternatives available to the District, but does not include planned budgetary reallocations
- These funding sources were previously identified as also being available to fund the recently settled successor agreement between the District and Professional, Clerical, Technical Employees Association (“PCTEA”)
 - Special Projects Fund
 - American Rescue Plan Act – The District intends to utilize ARPA-ESSER grants to fund the FY 2021-22 contractual costs
 - Miscellaneous Grants - The District intends to utilize miscellaneous grant funding totaling \$2,060,000 in 2024-25 and 2025-26 in addition to ARPA funding
 - Financial Plan
 - BCSA Build-In - The District indicates that the Financial Plan was approved with approximately \$2,680,000 in total cumulative incremental increases in BCSA compensation and benefits
 - Reserve Contingency: Labor Contract Settlements
 - Each Financial Plan FY includes a contingency reserve to settle expired labor agreements
 - The Adopted Budget includes \$26.2M
 - The Financial Plan includes \$131.4M
 - This contract would utilize an estimated \$20.9M of contingency funding. The settlement of both the BCSA and PCTEA contracts leaves \$101.3M remaining in the contingency fund

Findings and Recommendations

Executive Director Robe provided the following comments:

- The total estimated cost of the contract through the end of the current 2023-2026 Financial Plan is \$21.2M (GF) and \$29.1M (AF)
 - This District demonstrated that the costs for this contract were provided in the current Financial Plan. That plan includes \$90.3M of fund balance to both balance the plan and fund recurring operations
 - A modified plan is not required
 - We repeat our recommendation for the District to revise the 2023-2026 Financial Plan to reflect the new labor costs associated with both the PCTEA and BCSA Successor Agreements and make the revised plan publicly available to provide full transparency of the financial impact from setting these contracts

- There are no concessions in the contract
- Active employees to pay increase of 1% towards health insurance
- Elimination of retiree health insurance for new administrators hired after July 1, 2023, if such employee is not already a District employee who is entitled to health insurance through that particular labor agreement
 - Ensures that no member loses the retiree health insurance benefit by moving into the administration of the District
 - Could have a significant impact on the future other post-employment benefit (“OPEB”) liability in addition to expenses paid on a pay-as-you-go basis
- Comparison to recently settled labor agreements
 - The District recently settled contracts with Local 264 (blue-collar) in October 2021 and PCTEA (white-collar) in June 2022
 - As compared to these recently settled labor agreements, the proposed annual wage increase is comparable
 - BCSA members are receiving a signing bonus of 7% of 2021-22 salary which is equivalent to an average bonus of \$7,205
 - PCTEA members received a flat signing bonus of \$1,000; or less than 1% of their average salary
 - Local 264 members received a signing bonus ranging between \$1,000 to \$3,000, or 2.2% to 6.6% of salary with the lowest amount provided for between 1 and 5 years of service and the highest for 20 or more years of service

Secretary Floss commented on the disparity of signing bonuses and the perception of inadequacy to the general public. A conversation ensued regarding the differences in various contract negotiations and their public perception. BCSD General Counsel Nathaniel Kuzma stated the varied time out of contract and benefit packages for the eleven bargaining units directly affect the signing bonus structure and noted “contracts are not an apples-to-apples comparison.” Executive Director Robe stated salary increases were compared outside of the bonuses and deemed reasonable; however, when bonuses were compared separately, the bonuses were askew.

Executive Director Robe continued with the following additional comments:

- We recommend signing bonuses be consistently negotiated between unions
- An outlier in terms of comparables is that while this union group is more highly compensated, they contribute less to health insurance. New BCSA members will contribute 16% of health insurance premium-equivalent costs compared to 20% for newer PCTEA and Local 264
 - We recommend that BCSA members contribute at least the same percentage of that of other unions

Secretary Floss commented on the importance of having family and individual coverage in order to shift costs more appropriately over time.

Interim Vice Chair Jurasek commended the District on addressing the disparity in pay between elementary and secondary administrator assignments and asked if there were any other unions that have a disparity. Senior Analyst II Miller responded there are no other bargaining units with a disparity issue.

Hearing no additional comments or questions, Chair Olsen asked for a motion to approve the report as provided and discussed.

Secretary Floss made a motion to approve the report.
Interim Vice Chair Jurasek seconded the motion.

The Board voted 5 to 0 to approve.

Adjournment

Chair Olsen asked for a motion to adjourn.
Secretary Floss provided the motion as requested.

The meeting adjourned by acclamation at 1:39 PM.